

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0408-01
Bill No.: HB 406
Subject: Children and Minors; Family Law; Social Services Department
Type: Original
Date: February 20, 2013

Bill Summary: This proposal requires all employers with more than fifty employees to remit payments to the Family Support Payment Center by electronic means.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Child Support Enforcement Collection	Unknown	Unknown	Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	Unknown	Unknown	Unknown

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Federal *	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Unknown reduction in expenditures and reimbursements nets to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DSS) - Family Support Division (FSD)** state under the current Family Support Payment Center (FSPC) contract, the state saves \$1 for each payment remitted electronically, rather than by paper check. In SFY 12, the FSPC receipted 2,335,656 paper checks from employers. Since the Department of Revenue (DOR) administers the FSPC contract, FSD assumes that DOR will provide the fiscal note that reflects the anticipated FSPC cost savings for the state.

The proposal will have no fiscal impact on the FSD's child support program.

Officials from the **Department of Revenue (DOR)** state the proposal could result in a potential savings to the State of Missouri. The current contractor charges the state \$1.39 for processing paper receipts and \$0.39 for electronic funds processing. There are no statistics available to determine how many employers employ 50 or more employees and would be required to send child support payments electronically; therefore, there is an unknown savings to the state. The current fee is split 66% to federal funds and 34% to child support enforcement funds.

Oversight spoke with DOR officials regarding the potential savings related to this proposal. DOR does not believe the savings will be significant but state there are no statistics available to support this position. Therefore, Oversight assumes, for fiscal note purposes, the proposal will result in an unknown savings, split 66% to federal funds and 34% to the Child Support Enforcement Collection Fund (# 0169).

Officials from the **Office of Prosecution Services (OPS)** assume the proposal will have no measurable fiscal impact on the OPS.

Officials from the **Office of Administration**, the **Office of State Courts Administrator** and the **Department of Labor and Industrial Relations** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
CHILD SUPPORT ENFORCEMENT COLLECTION FUND			
<u>Savings</u> - DOR			
Reduction in payment processing charges	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT ON THE CHILD SUPPORT ENFORCEMENT COLLECTION FUND	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
FEDERAL FUNDS			
<u>Savings</u> - DOR			
Reduction in program expenditures	Unknown	Unknown	Unknown
<u>Loss</u> - DOR			
Reduction in program reimbursements	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.


FISCAL DESCRIPTION

This proposal requires employers with more than 50 employees to remit any child support payments withheld to the Family Support Payment Center within the Division of Child Support Enforcement by electronic funds transfer or through other electronic or internet means as made available by the payment center.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration
Office of State Courts Administrator
Department of Labor and Industrial Relations
Department of Revenue
Department of Social Services -
 Family Support Division
Office of Prosecution Services



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